

**Child & Family Support Center
of Cache County, Inc.**

Year Ended June 30, 2005

**With Supplementary Information
And
Compliance Reports**

Financial Statements

And

Independent Auditor's Report

SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

Child & Family Support Center of Cache County, Inc.

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SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child & Family Support Center of Cache County, Inc.
Logan, UT

We have audited the accompanying statement of financial position of Child & Family Support Center of Cache County, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2004 financial statements and, in our report dated September 16, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child & Family Support Center of Cache County, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2005 on our consideration of Child & Family Support Center of Cache County, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Shaw & Co., P.C.

Bountiful, Utah
November 11, 2005

Child & Family Support Center of Cache County, Inc.

Statement of Financial Position

June 30, 2005

With Comparative Totals For June 30, 2004

	<u>6/30/2005</u>	<u>6/30/2004</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 134,385	\$ 150,134
Accounts and grants receivable	<u>16,235</u>	<u>15,942</u>
Total current assets	<u>150,620</u>	<u>166,076</u>
Fixed assets, at cost		
Land	25,429	25,429
Buildings	189,048	189,048
Furniture and equipment	55,247	55,247
Construction in process	<u>156,940</u>	<u>-</u>
Total fixed assets	<u>426,664</u>	<u>269,724</u>
Less accumulated depreciation	<u>(152,793)</u>	<u>(143,871)</u>
Net fixed assets	<u>273,871</u>	<u>125,853</u>
Total assets	<u>\$ 424,491</u>	<u>\$ 291,929</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued liabilities	<u>6,100</u>	<u>7,011</u>
Total current liabilities	<u>6,100</u>	<u>7,011</u>
Net assets		
Unrestricted	380,463	246,990
Temporarily restricted	37,928	37,928
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>418,391</u>	<u>284,918</u>
Total liabilities and net assets	<u>\$ 424,491</u>	<u>\$ 291,929</u>

See accompanying notes to financial statements.

Child & Family Support Center of Cache County, Inc.

Statement of Activities

Year Ended June 30, 2005

With Comparative Totals For The Year Ended June 30, 2004

	6/30/2005			6/30/2005	6/30/2004
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Utah Division of Child & Family Services	\$ 185,574	\$ -	\$ -	\$ 185,574	\$ 169,873
CDBG grant	113,656	-	-	113,656	-
Volunteer services	67,106	-	-	67,106	28,886
Somebody's Attic	37,000	-	-	37,000	28,000
VOCA	35,831	-	-	35,831	35,934
Contributions	12,119	-	-	12,119	21,939
United Way	8,839	-	-	8,839	8,370
Other government grants	6,240	-	-	6,240	9,373
Interest income	345	-	-	345	165
	<u>466,710</u>	<u>-</u>	<u>-</u>	<u>466,710</u>	<u>302,540</u>
EXPENSES					
Program services	281,587	-	-	281,587	260,438
Administrative	24,992	-	-	24,992	20,514
Fundraising	26,658	-	-	26,658	22,254
	<u>333,237</u>	<u>-</u>	<u>-</u>	<u>333,237</u>	<u>303,206</u>
Change in net assets	133,473	-	-	133,473	(666)
Net assets, beginning of year	<u>246,990</u>	<u>37,928</u>	<u>-</u>	<u>284,918</u>	<u>285,584</u>
Net assets, end of year	<u>\$ 380,463</u>	<u>\$ 37,928</u>	<u>\$ -</u>	<u>\$ 418,391</u>	<u>\$ 284,918</u>

See accompanying notes to financial statements.

Child & Family Support Center of Cache County, Inc.

Statement of Functional Expenses

Year Ended June 30, 2005

With Comparative Totals For The Year Ended June 30, 2004

	6/30/2005			6/30/2005	6/30/2004
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 148,668	\$ 13,195	\$ 14,075	\$ 175,938	\$ 169,900
Payroll taxes	13,480	1,196	1,276	15,952	15,250
Employee benefits	23,596	2,094	2,234	27,924	29,797
 Total salaries and related expenses	 185,744	 16,485	 17,585	 219,814	 214,947
Volunteer Services	38,009	3,374	3,598	44,981	28,886
Office supplies	10,378	921	983	12,282	9,000
Telephone	8,374	743	793	9,910	4,941
Miscellaneous	7,061	627	669	8,357	5,816
Travel	5,271	468	499	6,238	4,133
Insurance	4,853	431	459	5,743	5,995
Utilities	3,942	350	373	4,665	4,939
Maintenance supplies	2,957	262	280	3,499	2,780
Auditing, legal, architect	2,239	199	212	2,650	5,077
Training	1,632	145	154	1,931	3,314
Workshop expense	1,272	113	120	1,505	864
Food	1,072	95	101	1,268	1,300
Licenses	577	51	55	683	829
Bookkeeping	403	36	38	477	486
Bank charges	264	23	25	312	-
 Total expenses before depreciation	 274,048	 24,323	 25,944	 324,315	 293,307
Depreciation	7,539	669	714	8,922	9,901
 Total expenses	 <u>\$ 281,587</u>	 <u>\$ 24,992</u>	 <u>\$ 26,658</u>	 <u>\$ 333,237</u>	 <u>\$ 303,208</u>

See accompanying notes to financial statements.

Child & Family Support Center of Cache County, Inc.

Statement of Cash Flows

Year Ended June 30, 2005

With Comparative Totals For The Year Ended June 30, 2004

	<u>6/30/2005</u>	<u>6/30/2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 133,473	\$ (666)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,922	9,901
Changes in current assets and liabilities:		
Accounts and grants receivable	(293)	18,127
Accrued liabilities	<u>(911)</u>	<u>1,472</u>
Net cash provided by operating activities	<u>141,191</u>	<u>28,834</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(156,940)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(156,940)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash	(15,749)	28,834
Cash and cash equivalents, beginning of year	<u>150,134</u>	<u>121,300</u>
Cash and cash equivalents, end of year	<u>\$ 134,385</u>	<u>\$ 150,134</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>
Cash paid for taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

Child & Family Support Center of Cache County, Inc.

Notes to Financial Statements

June 30, 2005

1. ORGANIZATION AND HISTORY

The Child & Family Support Center of Cache County, Inc. was incorporated under the laws of the State of Utah as a nonprofit corporation on June 1, 1983. The Organization provides the following services which are outlined in its charter: child abuse prevention services, crisis care for children and parents in distress, parenting classes, support groups, and other prevention programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been established because management believes that all receivables are fully collectible.

Fixed Assets and Depreciation

The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, which range from five to thirty-two years. Depreciation expense for the year ended June 30, 2005 was \$8,922.

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2005.

Donated services

Volunteers and advisors have donated substantial time in assisting the Organization in achieving the goals of its programs. Amounts applicable to donated services that meet the requirements of SFAS No. 116 have been included in the accompanying financial statements.

Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2005, \$34,385 exceeded the FDIC insurance limit of \$100,000, and therefore was not insured. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash.

The Organization receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2005, does not differ

materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from June 30, 2004 have been reclassified to conform to the June 30, 2005 presentation.

3. TEMPORARILY RESTRICTED NET ASSETS

The Organization received donations specifically restricted for a future addition to the physical facility. The total of those donations at June 30, 2005 was \$37,929.

4. RETIREMENT PLAN

The Organization has established a Simplified Employee Pension plan for the benefit of its salaried employees. Eligible employees receive an annual contribution as a percentage of their salary, depending on length of service, to be deposited in the individual's retirement account. Retirement expense for the year ended June 30, 2005 was \$0.

5. UTAH DIVISION OF CHILD AND FAMILY SERVICES

The individual contracts and grants received from the Utah Division of Child and Family Services for the year ended June 30, 2005 were as follows:

Crisis/Respite Nursery	\$ 100,537
Safe and Stable Families	32,000
Outreach	20,000
Children's Trust	13,037
State Shelter	<u>20,000</u>
	<u>\$ 185,574</u>

6. SUBSEQUENT EVENT

On August 25, 2005, the Organization entered into a fifteen-year promissory note with a financial institution for permanent financing on the new addition to its facility. The amount of the promissory note was \$150,000 and bears an annual interest rate of 6.375%. This rate will be adjusted on August 25, 2010 and August 26, 2015 in accordance with the prevailing interest rates at those dates. The maximum rate will not exceed 9%.

7. PRIOR YEAR INFORMATION

The financial statements for the year ended June 30, 2004 are presented for comparative purposes only. The notes presented herein contain information regarding June 30, 2005. Please refer to the June 30, 2004 audited financial statements for information regarding the notes for that year.

SUPPLEMENTARY INFORMATION
AND
COMPLIANCE REPORTS

SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Child & Family Support Center of Cache County, Inc.
Logan, UT

We have audited the financial statements of Child & Family Support Center of Cache County, Inc. (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated November 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Child & Family Support Center of Cache County, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child & Family Support Center of Cache County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Shaw & Co., P.C.

Bountiful, Utah
November 11, 2005

SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

REPORT ON COMPLIANCE WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

The Board of Directors
Child & Family Support Center of Cache County, Inc.
Logan, UT

We have audited the financial statements of Child & Family Support Center of Cache County, Inc. (a nonprofit organization) for the year ended June 30, 2005 and have issued our report thereon dated November 11, 2005. As part of our audit, we have audited Child & Family Support Center of Cache County, Inc.'s compliance with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State award program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. Child & Family Support Center of Cache County, Inc. received the following major State assistance program from the State of Utah:

Crisis Nursery/Respite Care (Utah Department of Human Services)

Child & Family Support Center of Cache County, Inc. also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Child & Family Support Center of Cache County, Inc.'s financial statements.)

Outreach/Parent Advocate (Utah Department of Human Services)
Safe & Stable Families (Utah Department of Human Services)
Children's Trust Account Funds (Utah Department of Human Services)
State Shelter Care (Utah Department of Human Services)

The management of Child & Family Support Center of Cache County, Inc. is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Child & Family Support Center of Cache County, Inc.'s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Child & Family Support Center of Cache County, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State assistance program for the year ended June 30, 2005.

Shaw & Co., P.C.

Bountiful, Utah
November 11, 2005